Kitchen sink not included.

Everything your customers want is included in Soundesign's new audio rack systems. Except the sink.

SOUNDESIGN®

There is a difference!

Soundesign Corporation • Consumer Electronics Division • Jersey City, NJ • 07311-3962 • (201) 434-1050

DSN ECONOMIC OUTLOOK

Economy Makes a 'Soft Landing'

(Continued from page 3)

Resales should decline somewhat more than total new housing in 1989—down 6.3 percent this year.

For discount store sales, the continued weakness in starts and resales will lower the overall demand for home furnishings. The strength in the housing market will come from replacement of current furnishings and from additions and alterations construction. Because homeowners will be enhancing their existing properties, demand will be more upscale since homeowners will not be saddled by as much additional new debt as they would bear with higher mortgages and moving expenses.

Retail sales growth will be only 4.8 percent this year, compared to a 7.1 percent rise in 1988. The auto industry has been weak in 1989 in spite of ongoing promotions. Excluding autos, total retail sales should rise 5.8 percent in 1989.

A large change in the apparel trade has occurred in women's and men's clothing. Last year, women's apparel sales increased 4.3 percent. But, in 1989, women's apparel sales are up 8 percent year-to-date. Men's clothing, on the other hand, rose 4.4 percent in 1988, but this year men's apparel climbed only 1.8 percent.

With the slower economy, real disposable income will increase 2.9 percent in 1989, compared to the 3.8 percent it rose last year. With slower gains in income, consumers become increasingly aware of price differences.

A big surprise for this year has been the strength in the replacement market for furniture (total sales are up 9 percent) and household appliances (up 12.4 percent). Both of these sectors are facing problems from soft new and existing housing markets.

Discount store sales, based on *DSN* estimates and definitions, should increase about 3.5 percent in 1989, up from the estimated gain of 2.9 percent in 1988. The majority of this rise will be the result of higher prices, not unit sales. For 1990, an additional gain of 3.8 percent is anticipated, again the result of inflation. A plus for discounters will be the slower growing economy and personal incomes. Consumers will become increasingly cost conscious and will turn to discounters for additional sales.

New England

The New England economy is becoming increasingly soft for retailers. Total retail sales are running 4.6 percent ahead of last year's pace, but department store sales are down about 0.8 percent. Employment is up only 0.9 percent from a year ago with New Hampshire, the strongest state, up 1.4 percent. The region is pressured by softness in its finance sector and defense, while high home prices reduce construction activity.

Middle Atlantic

The Middle Atlantic states are experiencing slow growth in employment, up 1 percent from a year ago. Pennsylvania is the strongest state, but only by a narrow margin. Softness in the finance sector is taking its toll on the region. Retail sales gains are weak throughout the region, up only 2.8 percent year-to-date, with department store sales up only 1.2 percent.

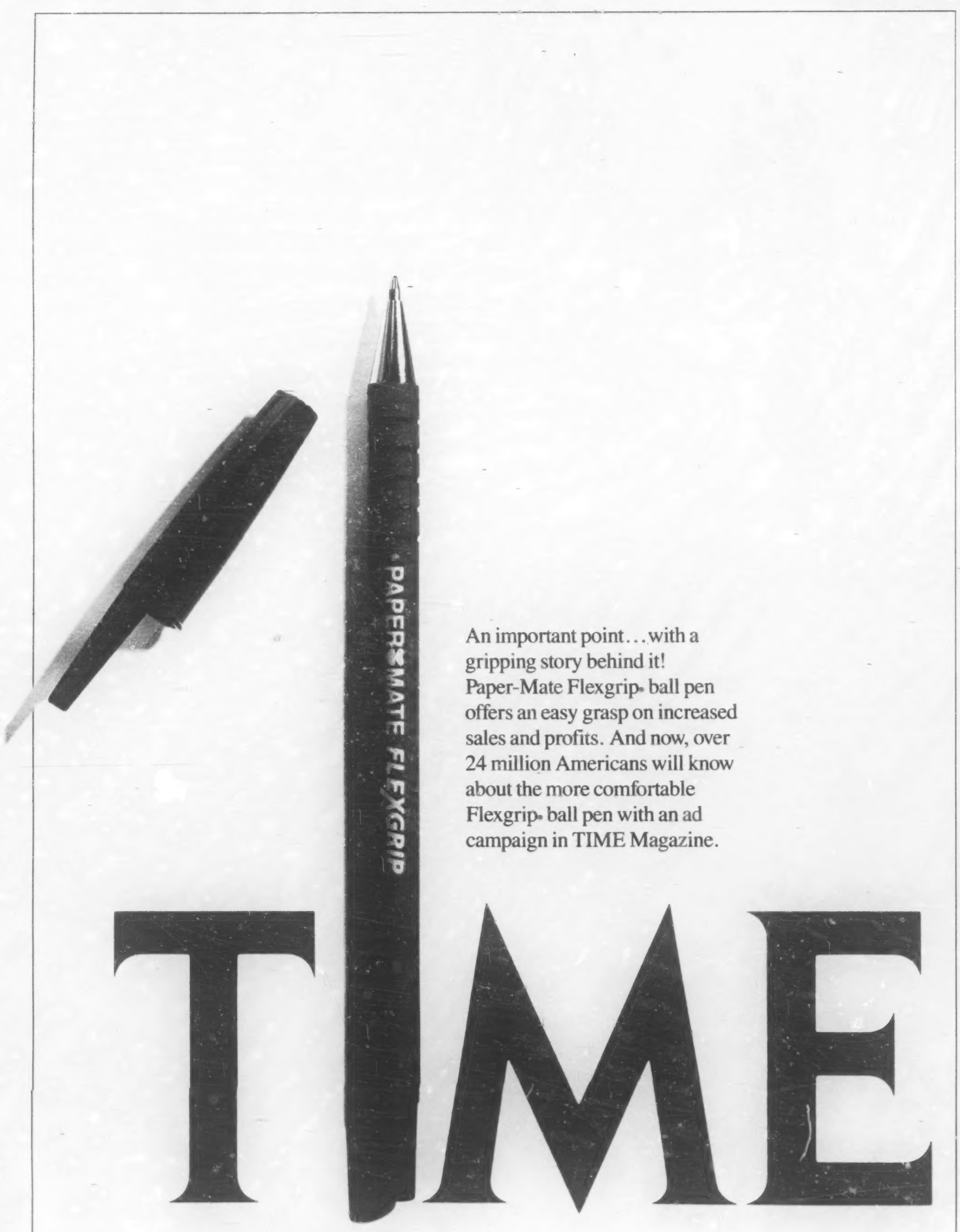
East North Central

The East North Central states have become one of the stronger regions for sales gains this year and should repeat this trend again in 1990. It has a concentration in heavy manufacturing industries. Indiana has become the fastest growing state in the region in terms of employment. And, in Michigan, retail demand is accelerating rapidly. With the current recovery in industrial production and capital spending, these states will post above-average rates of growth in retail and discount store sales.

West North Central

The West North Central is showing moderate gains in

(Continued on page 13)


PAPER-MATE FLEXGRIP
An important point...with a gripping story behind it!
Paper-Mate Flexgrip® ball pen offers an easy grasp on increased sales and profits. And now, over 24 million Americans will know about the more comfortable Flexgrip® ball pen with an ad campaign in TIME Magazine.
TIME

DSN ECONOMIC OUTLOOK

Economy Achieves 'Soft Landing' for 1989

(Continued from page 10)
sales due to strength in employment, especially in Nebraska, Minnesota, and Iowa, North and South Dakota are weak, however.

South Atlantic

The South Atlantic states have been a disappointment for discount store sales in 1989. Employment is strong, but the rise in sales appears to be only slightly stronger than in the Northeast. South Carolina is the strongest market for retail activity in the region, while Washington, D.C., is the weakest. Florida is unusual in that its employment growth is the strongest in the South Atlantic states, although sales growth is below average.

East South Central

Retail sales in the East South Central states are on the rise, up 5.5 percent year-to-date. Kentucky is the second strongest state in the region in employment, with its manufacturing sector especially strong. Total employment is up only 0.1 percent from a year ago with construction especially weak.

West South Central

The West South Central states have become the premier market for discount store sales gains in 1989. In spite of soft employment gains, this area is rebounding from near-recession conditions. Buyer demand has returned, and sales are exceptionally strong. Arkansas has been the strongest economy in the region since energy prices dropped, but sales are only moderate since it is in an early recovery stage. Texas has the second strongest gain in employment, and sales are soaring.

While total retail sales rose 4.8 percent in Texas, there has been a stronger gain of 12 percent for department stores. Louisiana and Oklahoma have been weaker than Texas because they have a larger dependency on energy mining.

Mountain

The Mountain states are enjoying the second strongest gains in total retail trade in the nation following the Pacific states. Department store sales, a better indicator of the discount store market, were up 10 percent year-to-date. Nevada is, far and away, the fastest growing state in terms of employment, not only for the area but also for the nation.

Pacific

The Pacific states have been the strongest market for retail sales in the nation this year. Washington, Alaska, and Oregon have become the locomotives for the regional economy as exports boosted their economies. California has become the slowest growing state in the region and the slowdown in defense spending threatens to hurt the local economy in 1990 as well.

New England

State	Employment Percent Change Year Ago	Retail Sales Percent Change 1988-1989
Connecticut	0.9%	6.4%
Maine	0.8	4.6
Massachusetts	0.7	2.0
New Hampshire	1.4	6.8
Rhode Island	0.7	4.0
Vermont	1.2	5.1
Total Region:	**0.9%**	**4.6%**

Source: DSN/Mount Economic Consulting

West North Central

State	Employment Percent Change Year Ago	Retail Sales Percent Change 1988-1989
Iowa	2.6%	6.4%
Kansas	2.0	3.4
Minnesota	2.7	3.7
Missouri	1.3	3.2
Nebraska	3.8	6.1
North Dakota	0.7	3.2
South Dakota	0.4	4.3
Total Region:	**2.1%**	**4.8%**

Source: DSN/Mount Economic Consulting

West South Central

State	Employment Percent Change Year Ago	Retail Sales Percent Change 1988-1989
Arkansas	2.9%	7.7%
Louisiana	1.2	5.6
Oklahoma	0.4	5.7
Texas	2.3	4.8
Total Region:	**2.0%**	**5.7%**

Source: DSN/Mount Economic Consulting

Middle Atlantic

State	Employment Percent Change Year Ago	Retail Sales Percent Change 1988-1989
New Jersey	1.0%	1.9%
New York	1.0	3.3
Pennsylvania	1.1	2.8
Total Region:	**1.0%**	**2.8%**

Source: DSN/Mount Economic Consulting

South Atlantic

State	Employment Percent Change Year Ago	Retail Sales Percent Change 1988-1989
Delaware	3.5%	4.8%
Wash., D.C.	2.3	−2.8
Florida	3.9	0.9
Georgia	1.7	5.4
Maryland	1.6	−0.5
North Carolina	1.8	5.6
South Carolina	3.9	8.5
Virginia	4.1	−0.2
West Virginia	0.0	3.0
Total Region:	**2.8%**	**2.3%**

Source: DSN/Mount Economic Consulting

Pacific

State	Employment Percent Change Year Ago	Retail Sales Percent Change 1988-1989
Alaska	4.3%	8.9%
California	2.7	9.9
Hawaii	3.0	8.1
Oregon	4.0	11.9
Washington	4.7	10.5
Total Region:	**3.1%**	**9.7%**

Source: DSN/Mount Economic Consulting

East North Central

State	Employment Percent Change Year Ago	Retail Sales Percent Change 1988-1989
Illinois	1.5%	3.0%
Indiana	2.7	5.4
Michigan	1.7	9.5
Ohio	2.5	5.4
Wisconsin	2.0	5.8
Total Region:	**2.0%**	**5.7%**

Source: DSN/Mount Economic Consulting

East South Central

State	Employment Percent Change Year Ago	Retail Sales Percent Change 1988-1989
Alabama	1.1%	3.7%
Kentucky	1.7	3.9
Mississippi	1.8	4.8
Tennessee	0.1	7.3
Total Region:	**1.0%**	**5.5%**

Source: DSN/Mount Economic Consulting

Mountain

State	Employment Percent Change Year Ago	Retail Sales Percent Change 1988-1989
Arizona	1.3%	9.3%
Colorado	1.0	6.8
Idaho	3.0	8.2
Montana	1.6	6.4
Nevada	6.7	11.8
New Mexico	3.0	9.2
Utah	3.7	10.5
Wyoming	1.5	6.4
Total Region:	**2.4%**	**8.6%**

Source: DSN/Mount Economic Consulting

Cellebrities

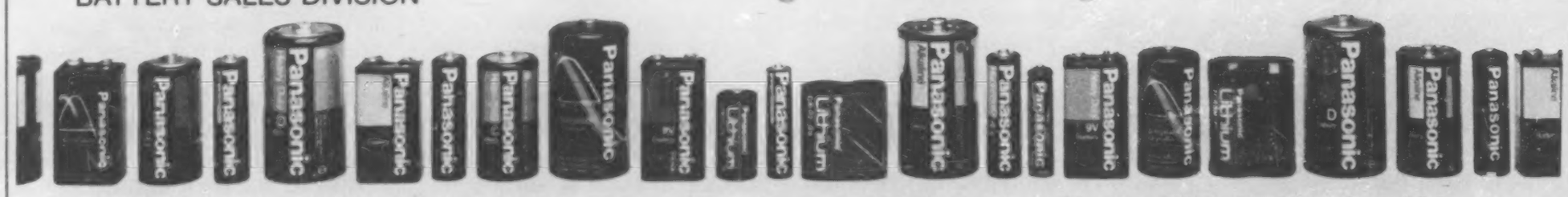
A Full Line of Performers From Panasonic.

Announcing the all-star cast of batteries for every consumer use. Brought to you by Panasonic. For when the show has to go on... And on. The most complete line in the business. And the selling power of the Panasonic name appeals to more lifestyles than just the rich and famous. When you want the best selection for your customers, stock Panasonic.

The Power Behind the Name. Panasonic Batteries.

Call our Battery Hotline at 201-392-4675 for more information.

Panasonic
Industrial Company
BATTERY SALES DIVISION



Alkaline • Rechargeable • Lithium • Heavy Duty • General Purpose • Photo • Watch • Hearing Aid

K mart Unveils Tabletop Line

TROY, Mich. — The new "At Home With Martha Stewart" tabletop line was officially unveiled at all K mart stores Oct. 15. Included in the line are four stoneware sku's, two stemware sets, a stainless steel flatware set, and two table linen collections.

Each of the lines under the Martha Stewart tabletop umbrella are priced to be roughly on par with or slightly higher than similar products in the category.

The stoneware is manufactured by Newcor and is sold under the Westport Classic name. Two colors—shell pink and desert aqua—are available in either a wide-band or narrow-band pattern. The wide band is a solid colored rim; the narrow band decorates the rim with two thinner bands of color. The sku's are packaged as 20-piece services for four, priced at $39.97.

Stemware is available in a 10-oz. wine glass or a 12-oz. water glass. Both have a twisted stem for a spiral effect. The stemware is boxed in sets of four for $18.97. Libbey is the vendor.

Riverside Classic is the label on the flatware by Stanley Roberts. A 20-piece set for four retails for $22.97.

Town & Country supplies the Willow Pond Garden tabletop linens. The pattern is a floral and plaid combination in both the shell pink and desert aqua colors to coordinate with the stoneware. The tablecloths are priced between $9.99 and $15.99.

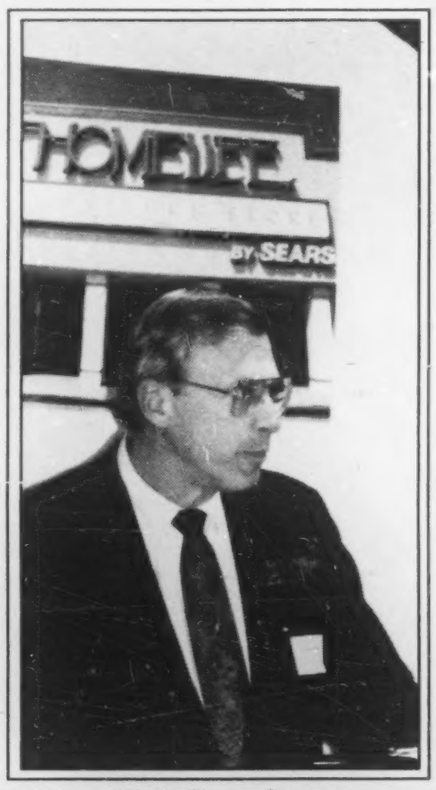
Napkins that match the tablecloths are part of the collection, as are napkins with the plain design but no floral elements. Napkins are two for $3.99. The Willow Pond Garden products are made of a 50/50 cotton-polyester blend.

A second line of table linens are supplied by Leschner, made of 80/20 cotton-polyester. Tablecloths, napkins and placemats are designed to match the colors of the stoneware in a fine grid pattern. This line is positioned to be a trade-up grouping.

Store Rollout Is Put on Hold

HIGH POINT, N.C.— The logistics of distribution, transportation and warehousing will need to be addressed before Sears can "aggressively expand" its Homelife furniture store concept, said Eric Saunders, senior executive vice president, wearing apparel and home fashions, and Jerry Hand, vice president, home fashions.

Speaking at the International Home Furnishings Market in High Point, the men said Homelife expansion hinges on the opening of four cross-dock centers. One of the centers was slated to open in Indianapolis at presstime. The other facilities in Memphis, Tenn., High Point and Los Angeles are all scheduled to open during the first quarter of 1990. A POS reservation system that will act as an interface between vendors and Sears is being implemented now.



Eric Saunders

Newell Wins AHMA Award

FREEPORT, Ill. — Newell Window Furnishings won an award for outstanding merchandising design at the 1989 Packaging Exposition sponsored by the American Hardware Manufacturers Association.

Called Accents on Shades, the window shade decorating product provides consumers with a choice of 16 self-adhesive ribbon and lace trims, as well as a special adhesive strip to which any wallpaper border or fabric can be applied.

In above photo, Patricia Lee, Newell merchandising services manager and Jeff Genoways, Newell product manager display the award.

Promo Debuts In Major Cities

FARMINGDALE, N.Y. — Regent Sheffield has targeted New York and Los Angeles as launch cities for its new TV ad campaign.

The commercials are the first step in what is to become a national promotion. The New York and Los Angeles commercials will sponsor leading talk shows and morning news. The spots are airing from Oct. 30 to Dec. 18, promoting the cutlery manufacturer's Laser Never Needs Sharpening line.

Jay Cotler, vice president, sales and marketing, said, "The strategy adopted consists of running these high profile shows with multiple frequencies in order to help pull the product off retailer shelves. This is the kind of support we're planning to offer nationally within the next few years."

'Warehouse Club Pack' Debuts

NEW YORK — Best Brand Products, a supplier of vinyl place settings and tablecloths, has introduced a special "warehouse club pack" of both products. The packs contain three tablecloths each and are list-priced at $18, although clubs should be able to sell them at considerably less than that.

According to Best Brand's David Meyer, the Cannon-licensed goods, which coordinate with Cannon's kitchen products, have sold well at traditional discounters, and the addition of the new packaging will open up a new channel of distribution.

For information, call the company at (212) 684-7456.

HomeMarket Trends
is published by
Discount Store News®

Discount Store News
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, N.Y. 10022
212 371-9400
Subscription Services, ext. 379 or 419
Cable Address: LEBHAFRIED
Panafax: 212 838-9487

HMT Board of Advisors

Steve Fishman vp, gmm, Caldor

Marilyn Gill dmm, home fashions, K mart

Bob Guelich, sr vp, gmm, home furnishings, Target

Tom Draves vp, dmm, Jamesway

Joe Hatfield sr vp, gmm, home/seasonal, Wal-Mart

Discount Store News ISSN 0012-3587

This supplement was supervised and edited by Tony Lisanti, editor, and Don Longo, executive editor; researched and written by senior editor Pete Hisey and associate editor Mary Ellen Kelly; and produced by desk editors Michael Vickerman and Dawn Wilensky, and graphic artist Virna Wong, under the direction of senior art director Milton Berwin and art director Derek Szeto.

EDITORIAL

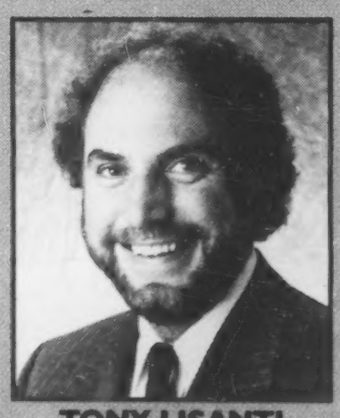
Sale or No Sale: Fashion, Not Price, Is the Issue

If you crave data and believe in consumer research then this special issue of *HomeMarket Trends* is must reading.

HMT's exclusive research study focuses on consumer purchasing behaviors in 12 merchandise categories. And as the cover headline states, "The Heat [*really*] Is On." It definitely will be a fiercely competitive market in 1990.

The second annual survey reveals buying intentions over the next 12 months as well as preferences for color, texture, and fabric. It also reveals the type of outlet consumers would most likely make a purchase as well as the factors considered in the decision to buy.

I'm not going to discuss all this information, which is reported in-depth throughout this issue by senior editor Pete Hisey and associate editor Mary Ellen Kelly beginning on page 4. Instead, I would like to comment on another finding of the survey: 81 percent of the respondents said they would wait for a sale to purchase bath towels. And my guess is that in other home fashions product categories most consumers would also wait for a sale before buying.



TONY LISANTI
Editor

Considering all the hoopla and emphasis over the EDLP (everyday low price) strategy among the nation's top retailers, there appears to be a mixed message from the American consumer. They want the lowest price everyday and they want a sale. And they are probably a little confused by it all.

Does the average consumer believe that today's price is the lowest price? And what happens when a particular item is offered at lower price under the guise of a "special purchase?" Who's fooling who?

There is still a lot of magic left in the word "sale." And certainly department stores will take advantage of this opportunity. But there is also a lot of magic in promoting an everyday low price.

The question is, does price—whether sale price or everyday low price—matter in a business driven by fashion?

The survey revealed that price was among the least considered factors in the buying decision.

Therefore, if you dazzle your customers with style, color and fashion, no matter how confused they are over the price, you're likely to make the sale!

Finding Just The Right Look

Suddenly-picky shoppers demand more progessive designs and colors that are exactly right

***Rose's new prototype store** in Waldorf, Md., utilizes bins on an aisle to generate impulse sales of sheet sets.* (HMT photo)

The heat is definitely on in the heart and soul of the home fashions business.

Consumers polled in an exclusive survey conducted for *HomeMarket Trends* by Fairfield Research Inc., said it will be much harder to sell them bed and bath goods in the coming year. They *intend* to buy less this year than last.

However, they also told us how merchants can get them to spend more. Retailers who offer coordinated departments, high fashion, color, quality materials and sharp prices will score with shoppers.

That has been the trend for the past four years. But this year, consumers said there will be little room for error. Colors will have to be just right and design stories will have to be more progressive to appeal to these suddenly-picky shoppers.

Sheets and Pillowcases

One of the bright spots in projected domestics sales is the sheets/pillowcases market, which consumers predict will total some 108 million sets in 1990. Nevertheless, that represents a significant drop from the amount Americans reported they purchased in the past 12 months.

About 47 percent of respondents said they plan to buy sheets and pillowcases in the coming year, with the average purchase expected to run to two and a half sets. However, 53 percent reported purchases in the past year, on the average of three sets per household. That works out to about 143 million sets sold last year.

Surprisingly, the popularity of queen sets, a dominant sector in earlier research, declined in 1989, as only 28 percent of those intending to buy said they would buy queen sizes. Twin and double sets were more popular, at 38 percent of respondents each.

Waterbed products also seemed to be popular, with 17 percent of those intending to purchase planning to buy waterbed sets.

Despite the increasing publicity given to thread counts, particularly in store circulars, the average consumer doesn't really know what they mean. Nearly half of those planning to purchase sheets and pillowcases had no idea what thread count they would look for. Those who were familiar with the concept evidently felt that more is better, as 28 percent said that they would buy 180-plus thread count goods, versus only 24 percent who would buy lower thread counts.

Bedspreads

About 30 percent of consumers said they bought bedspreads last year, and they seem to be happy with them. Only 24 percent will buy new ones this year, on the average of 1.6 units per household.

Larger sizes were more popular among those planning to purchase bedspreads and comforters. Together, queen and king accounted for 48 percent of planned bedspread purchases, although that total still trailed single and full (double), at 63 percent combined. The purchase of bedspreads is projected to decline by about 22 percent.

Comforters

Comforters may decline by much more, up to 33 percent. Single and queen sizes were clearly the most popular, with about a third of prospective purchasers favoring those sizes. Double and king sizes were less popular, at about 20 percent, and about 20 percent of comforters sold will be waterbeds.

Blankets

About 25 percent of Americans purchased blankets last year, and on average, they bought 2.3 units per household. In the coming year, about 17 percent of consumers expect to purchase blankets and they intend to purchase 2.1 per household.

The most popular size, according to the survey, will be double or full size (42 percent), followed closely by twin size (37 percent). Queen size will account for 29 percent of sales, with king size trailing the pack at 13 percent. Waterbeds will account for 11 percent of sales.

Cotton and cotton-blend blankets are clearly the most popular, with about 50 percent of consumers planning to buy those products. Only 13 percent preferred wool or wool-blend blankets, and another 6 percent preferred a nylon product.

Pillows

Those planning to purchase pillows this year clearly prefer standard-sized pillows, and nearly half intend to buy some sort of down or down/feather combination product. About one-quarter of those who are planning to purchase will choose synthetic fill, with a like percentage favoring foam rubber pillows.

The disturbing news here is that while 38 percent of households reported pillow purchases (three each) in the past year, only 25 percent said that they plan to purchase more this year, although they plan to buy slightly more each, 3.1 per household.

Area Rugs

Area and scatter rug sales will also suffer, with a 26 percent drop predicted. Prospective purchasers were evenly split on rubber-backed and all-fabric rugs (40 percent each), and 9 percent said they would buy both. Prospective buyers plan to buy 2.5 rugs each, and intend to spend a rather hefty $173 for those rugs.

About a quarter of respondents preferred a wool or wool-blend rug, and about the same percentage plan to buy synthetic rugs. A similar percentage (23 percent) preferred 100 percent nylon.

Bath Towels

Over half of respondents reported purchasing bath towels in the past year, buying on average 6.4 towels per household. About 43 percent will buy towels in the upcoming year; they plan to buy about six towels per household.

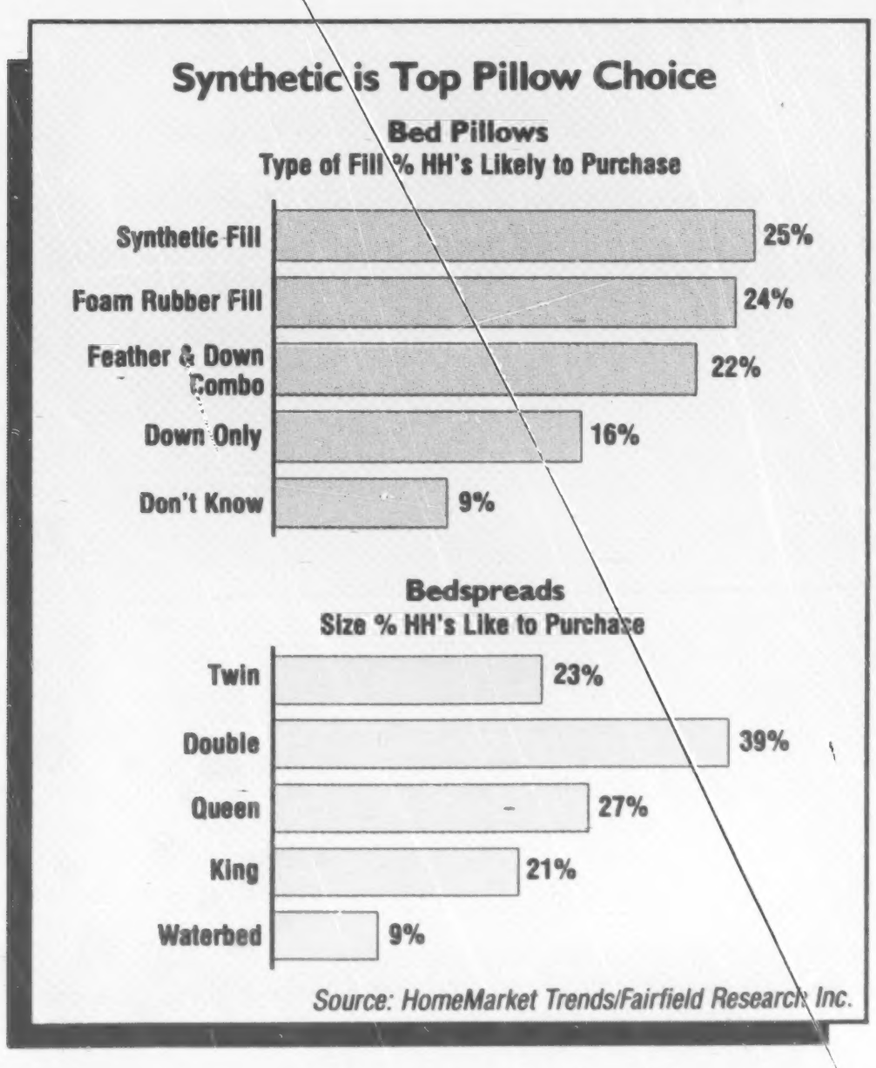
Will Americans buy towels by the set, as retailers no doubt would prefer? Well, yes and no. About 40 percent said that they planned to buy sets, while 55 percent said that they would buy on a towel-by-towel basis. However, given that a retailer's business is building add-on sales, it would appear that the combination of those who intend to buy sets coupled with a predictable number of others who will be merchandised into buying them indicates that set sales should be strong in 1990.

Most Important Variables in Major Purchases

Ranked by Importance to Consumers

	Area Rugs	Sheets	Spreads	Pillows	Towels	Bath Rugs	Com-forters	Blankets
Color	1	1	1	—	1	1	1	4
Price	2	3	4	3	2	3	4	3
Pattern	3	5	2	—	4	4	3	5
Material	4	2	3	4	3	3	2	2
Brand	5	4	5	5	5	5	6	6
Warmth	—	—	—	—	—	—	5	1

Numbers indicate rank in importance of each attribute *Source:* HomeMarket Trends/*Fairfield Research Inc.*



The same is not true, according to the research, for prints. An overwhelming 77 percent of prospective shoppers said they preferred solids while only 9 percent reported plans to buy prints.

Regarding size, about 60 percent of prospective buyers planned to purchase regular-size bath towels; most of the remainder preferred oversized products.

Consumers were equally clear on materials. Over two-thirds preferred 100 percent cotton towels, with most others preferring a blend, on average 60 percent cotton.

Another two-thirds of those intending to purchase said they preferred terry loop products, while 22 percent preferred cut loop or velour.

And in good news for those intending to look for repeat sales, a clear majority (66 percent) said they valued absorbency over durability. Only 18 percent felt that durability was more important than absorbency.

Shower Curtains

About 20 percent of consumers said they plan to buy one or more shower curtains this year, down from 30 percent who said they purchased one or more in the past year. They expect to purchase 1.5 curtains.

Of those planning to buy, about one-third said they would purchase a "designer" type curtain, with most of the remainder planning to opt for a plain or unembellished model. Of those choosing designer products, there was an even split between those preferring a single panel model and those looking for double panels, with 5 percent undecided.

Over half of all respondents planning a purchase said that they will buy a valence model. A similar percentage (52 percent) preferred a plain curtain; 47 percent said they preferred a tie-back product.

Slightly over half of prospective purchasers said they preferred a plastic or vinyl shower curtain. Another 23 percent opted for a fabric and plastic combination, while another 21 percent said they would buy an inner/outer panel combination.

Over half of consumers said they preferred solid-color shower curtains; about 40 percent preferred a print.

Bath Rugs

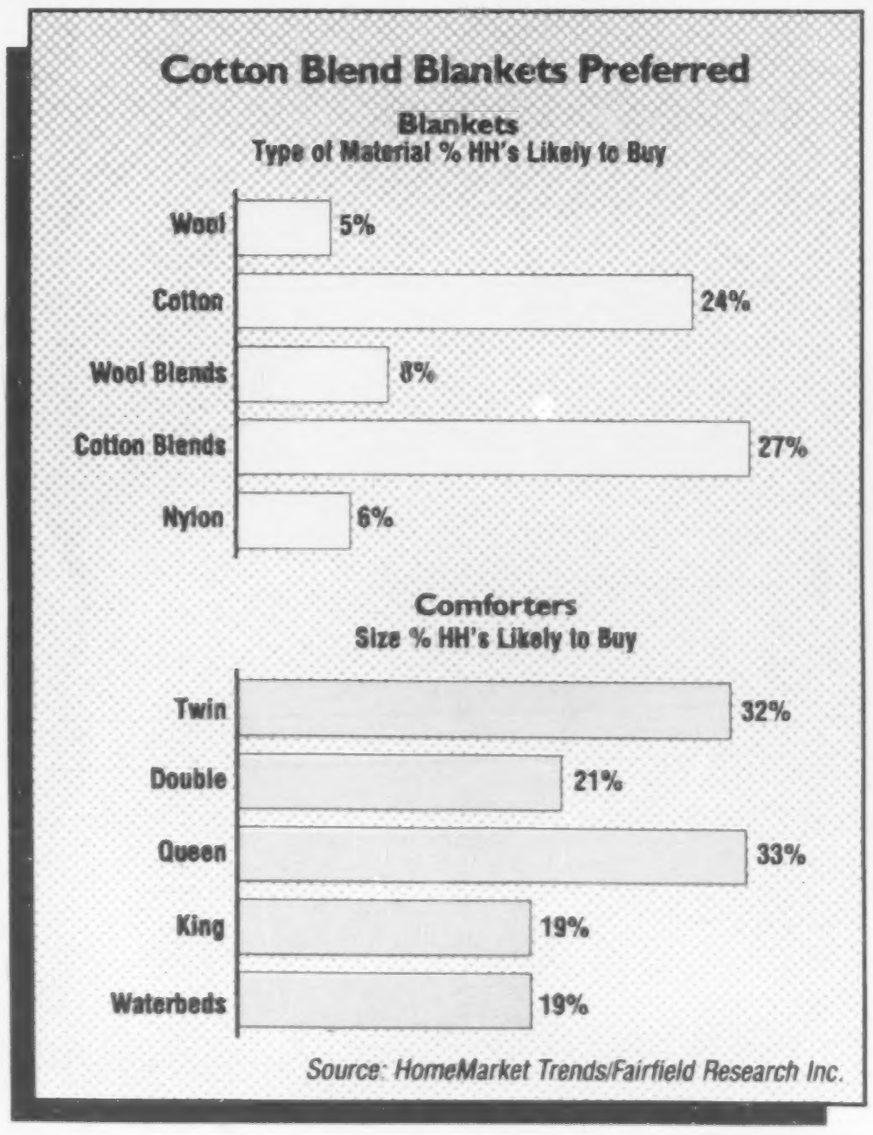
Last year, about one-third of consumers bought bath rugs; this year, about one-fourth said they plan to make a purchase. Both groups averaged or plan to average 1.9 rugs per household.

As was the case with bath towels, a little under 40 percent plan to buy bath rugs in a set, with most of the rest buying on an individual basis.

About half of prospective consumers said that they prefer low shag rugs, while about one-quarter preferred high shag products. Nearly 20 percent planned to buy a tight weave or nap product.

There seems to be a dichotomy between where Americans said they will shop and where they actually end up buying products, particularly in domestics. In classification after classification, department stores finished at or very near the top in preferred retail sources, while actual shopping patterns (and earlier research concerning where products were actually purchased) show a gradual decline in department stores as the primary sources for domestics.

Over 40 percent plan to buy their sheets and pillowcases at department stores; another 25 percent (split evenly) plan to shop at Sears or JCPenney; and 20 percent will shop at discounters.



The figures for bedspreads tell a similar story. Nearly 40 percent of shoppers plan to patronize department stores; 31 percent view Sears or JCPenney as primary sources; 14 percent will patronize a discounter; 5 percent said "other," presumably a specialty store; and a rather large 14 percent weren't sure.

The outlook was even dimmer for discounters in the comforter market, where less than 10 percent of consumers said that they plan to shop at discount stores. Over 40 percent chose department stores, and another 20 percent opted for either Sears or JCPenney. Specialty stores, part of the "other" classification, accounted for 11 percent of prospective sales.

Consumers felt that discounters were a good source for pillows. Although 45 percent of consumers said they would go to a department store, another 30 percent named a discounter. Only 7 percent named Sears; 11 percent named JCPenney.

But discounters took it on the chin in the bath towel business. Less than 20 percent of prospective shoppers said that they would look to discounters as sources, while 44 percent preferred department stores and 26 percent chose either Sears or JCPenney.

Bath rugs were another story (which conflicts sharply with the earlier finding that consumers were likely to buy rugs in sets). Nearly one-quarter of respondents will buy at discount stores, close to the total for department stores (33 percent) and the Sears/JCPenney combo (26 percent). Similarly, about one-third will shop at discounters for shower curtains, equal to the number who will buy at department stores.

Blankets

Blanket buyers were more likely to buy at discount stores (25 percent), but were also likely to buy at department stores (43 percent). Sears and JCPenney combined for 18 percent.

Those seeking area or scatter rugs plan to spread their business around. About one-third will patronize department stores; slightly less than that (28 percent) will choose some sort of discount outlet; and about 20 percent will opt for Sears or JCPenney.

Price, brand name, materials and so on are important, prospective purchasers said, but color is No. 1. Of seven bed and bath product areas where color is applicable (bed pillows are the exception), color was a convincing first place in all seven except blankets, where material, price and warmth were judged more important.

After color, consumers will look at material most often, especially in sheets, comforters and blankets. In towels and area rugs, price will be the second most important factor.

Pattern will matter most in bedspreads, but it is very important in comforters and area rugs as well. Price is of relatively great importance (in addition to the product areas already mentioned) in sheets, pillows, bath rugs and blankets, but is of relatively little importance in comforters and bedspreads.

Brand name, according to the survey, is of relatively little importance. In every category except sheets, brand name was the least emphasized quality mentioned.

In the two categories where specific color preferences were given, sheets and bath towels, blue was an overwhelming favorite. However, it was much more in favor in the bedroom, where 38 percent of consumers said they were most likely to buy blue sheets and pillowcases.

A little less than 30 percent preferred blue in bath towels, a significant drop.

Pink was the second most popular color (11 percent) in bed sheets. Rose or mauve finished third, at about 9 percent, followed by peach/salmon at 7 percent, and yellow and green, both at 5 percent.

Yellow didn't fare nearly as well in the bath, where it didn't even make the list, but green was a relatively strong fourth-place finisher.

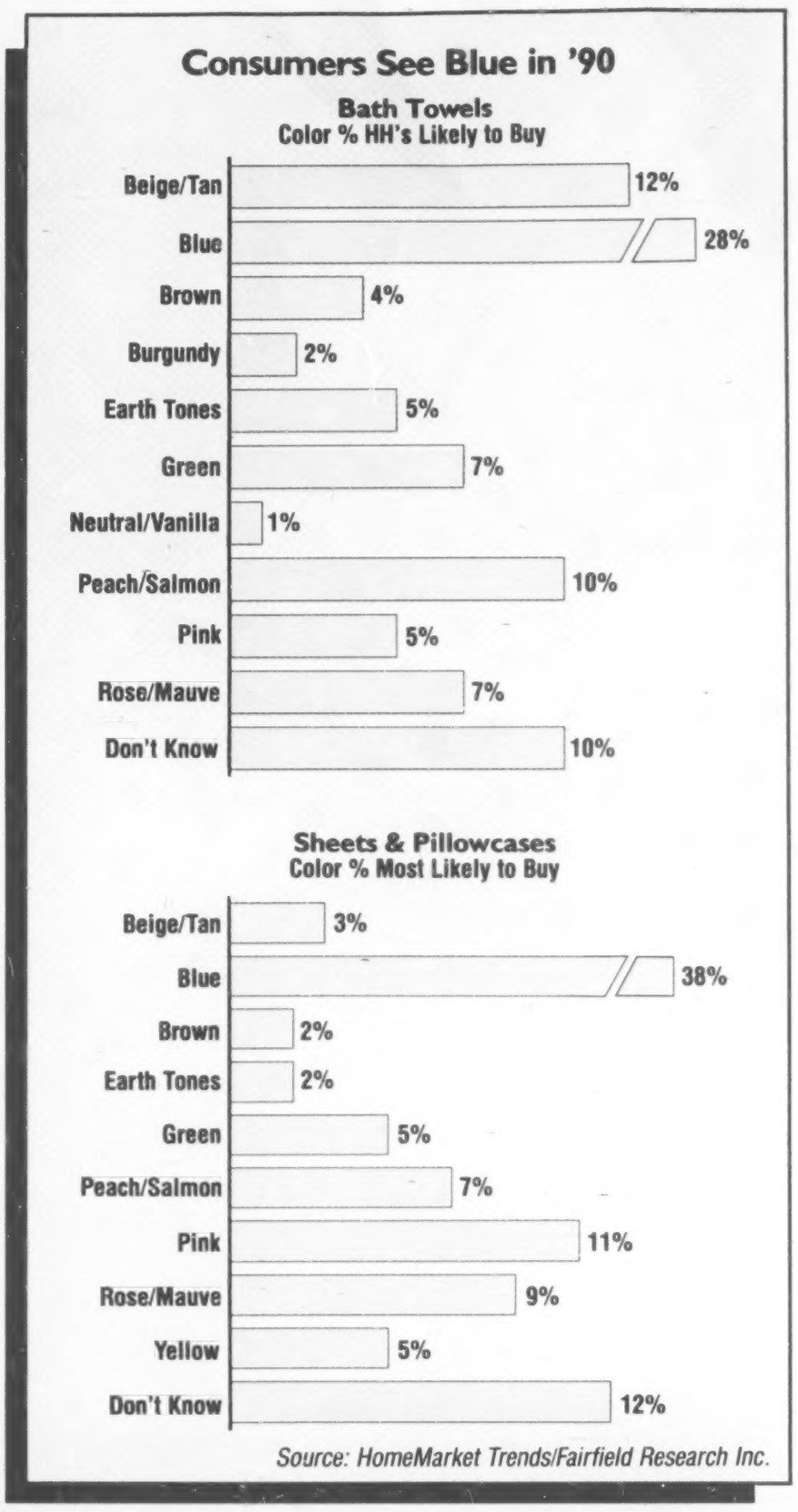
Brand preference was requested only in bedspreads and pillowcases, and, although Cannon was a clear winner overall, the brand name did not sweep the poll as has been the case in some other research. What is most interesting is that consumers seem to be aware of a wide variety of brand names.

In sheets and pillowcases, Cannon garnered about one-fifth of preferential mentions, followed by Penney's (not, of course, a brand), Lady Pepperell, Sears, Dan River and Pacific.

Just as consumers answered that color and design are more important than price in their purchase decisions, they have quoted some fairly hefty prices when asked just how much they expect to pay for home fashions products.

For instance, consumers said that they expect to pay $83 per set of sheets, which is more a designer than a mass market price point. Similarly, consumers said that they expect to spend nearly $120 for a bedspread, and nearly $300 for a comforter.

On the other hand, shoppers evidently expect to keep their spending in line in other areas to pay for the splurge in bedding. For instance, consumers expect to spend $26 on shower curtains, a not-unreasonable expectation. ■



View Is Bright, Colorful

Window treatments will be a strong category in 1990, and color will influence most buying decisions

Self-service display at K mart: *Over one-third of consumers expect to buy window treatments this year.* (HMT photo)

Over one-third of consumers will be in the market for new window treatments this year, according to a survey of American consumers conducted for *HomeMarket Trends*.

Unlike most other segments of the study, conducted by Lincoln, Neb.-based Fairfield Research Inc., window treatments will be a relatively strong category in 1990. Less than 40 percent of consumers surveyed reported buying some form of window treatment last year; about 36 percent (a 3 percentage point decline) said that they plan to purchase such products in the coming 12 months.

Of those consumers planning to purchase, 78 percent said that they will purchase curtains, while another 51 percent will buy blinds (the discrepancy is accounted for by those planning a layered look, presumably).

Consumers planning to purchase draperies insist on washability by a wide margin; nearly 80 percent said washability (as opposed to dry-clean) was "very important" to their buying decisions.

About one-third of curtain/drapery buyers said that they intend to buy pinch-pleated draperies, while 24 percent preferred rod-pocket products. Nearly 20 percent didn't know what type they would purchase, while 6 percent had some other product in mind.

About one-fifth of those planning on curtain purchases said that they would buy curtains with a topper/valence.

Over half of those planning to buy blinds intended to purchase off-the-shelf products. About 40 percent said that they would opt for custom-made blinds. This runs counter to the prevailing trend of increases in off-the-shelf. It may be that consumers are somewhat unaware of the price differential involved, although the relative wealth of respondents may create a bias toward custom products.

Vinyl blinds were the most popular among consumers planning a blinds purchase, at 43 percent. Aluminum was second most popular, with 22 percent of consumers choosing that material. About one-sixth of consumers said that they would opt for fabric-covered blinds, and another 7 percent preferred wood products.

Only 5 percent of consumers said that they would choose micro blinds. Mini blinds (53 percent) were, predictably, the most popular, followed by vertical blinds (30 percent) and traditional venetian blinds (strong at 20 percent).

The layered look was very strong with consumers. Apart from those who said that they were planning to purchase both soft and hard looks, a full 55 percent of potential blinds purchasers said that those blinds would be mounted on windows that already have drapes. Another 16 percent said that they would mount some of the blinds with drapes, while only 27 percent plan to mount them alone.

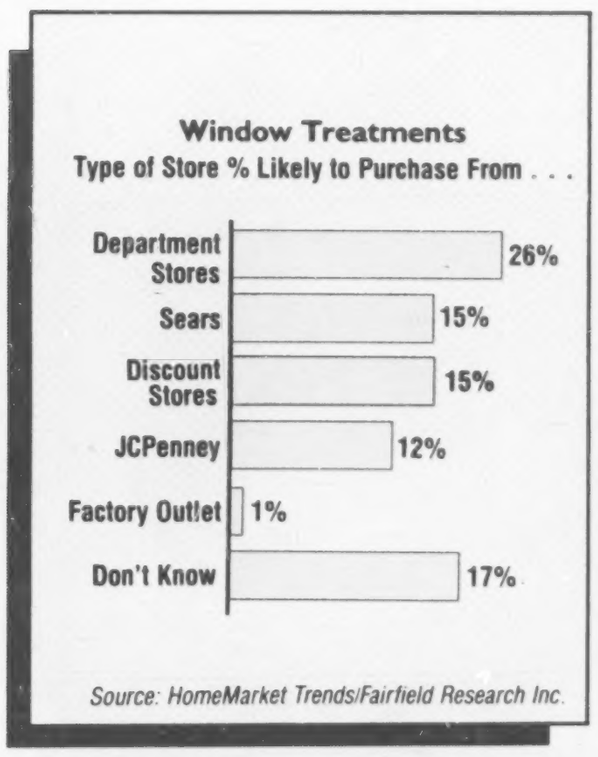
Consumers were clearly open-minded about where they will buy their window treatments. About one-quarter said that they would patronize a department store, while a similar, but somewhat higher, percentage (27 percent) opted for Sears or Penney. Another 16 percent chose a discount store, while 13 percent chose "other," presumably specialty chains.

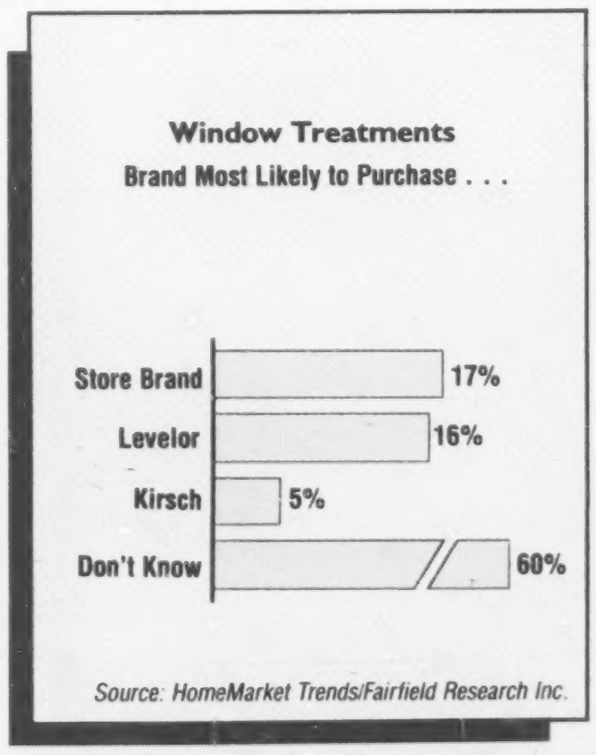
Window treatment consumers are no less interested in fashion than are those planning to purchase more predictably "fashion" merchandise like comforters and sheets. Among those planning to purchase, color was the most important attribute in the decision-making process.

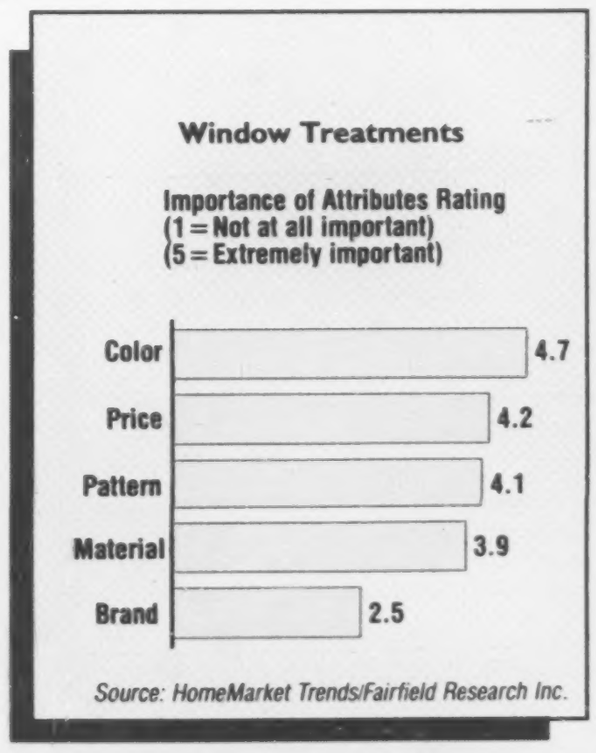
Price followed (but not closely) in second place, with pattern and material only slightly off the mark in third and fourth places. On a scale of 1 to 5 (least to most important), color scored a 4.7 rating; price followed with 4.2; pattern, 4.1; material 3.9; and brand name, 2.5.

Of those aware of brand names, the greatest number (16 percent) cited Levolor, with Kirsch the only other brand with more than a 5 percent mention rate. Store brand was the most popular designation (17 percent) unless one counts "don't know," which garnered 60 percent.

They are also (with the possible exception of wood-blind shoppers) a rather profligate bunch. On average, they expect to pay $304 on window treatments this year, but the study could not determine how many they expect to get for that amount. ■







A Strong Case For Higher Quality

Growing consumer preference for higher-quality furniture offers lucrative opportunities

Discount stores, like Rose's (above), *continue to devote more space to RTA furniture.* (HMT photo)

It looks like a relatively strong year for ready-to-assemble furniture. On the average, about 15 percent of consumers plan to buy some sort of RTA furniture, with bookcases, living room furniture and entertainment centers the most popular products. That marks a decline of some 25 percent over those who reported a purchase in the past year, but compared with other categories, RTA seems more likely than most to hold its own.

Over one-fourth of Americans are in the market for RTA bedroom furniture, with younger consumers more likely to buy than older shoppers. According to a survey conducted for *HomeMarket Trends*, retailers in the North Central region of the country are due for an RTA bonanza, as over one-third of consumers in that area reported plans to make a purchase in the coming year.

The news is even better in the living room, where some 40 percent of consumers plan to buy RTA furniture. The South Central region, at 56 percent, will be the primary beneficiary.

RTA entertainment centers were just slightly less popular, with 36 percent of consumers planning a purchase. The North Central and Northeast regions will see the most sales in this area.

According to the survey, the RTA market appears poised to go upscale. The market grew rapidly over the past several years as higher-quality and better-looking merchandise became available to consumers at lower prices. This boom for discount stores has not been overlooked by more upscale department stores and specialty retailers.

When asked where they planned to shop, potential purchasers were as likely to name a department store as a discount store (20 percent each). However, department stores were much stronger in every other home fashions category considered by the survey.

The survey, conducted by Fairfield Research Inc., of Lincoln, Neb., outlines a competitive pattern for 1990: discounters' traditional dominance of the category will be tested by department stores.

With RTA furniture catching the eye and wallet of more affluent consumers, some RTA manufacturers have decided to create lines geared toward the furniture and department store consumer.

K mart and Wal-Mart were each mentioned by 6 percent of consumers. In addition to the combined 12 percent who said they would shop one of the nation's two leading discount chains, another 7 percent mentioned discount stores as the type of store they expect to shop for RTA in the coming year. Seven percent of respondents said they would do their RTA shopping next year at Sears.

Consumers, on average, said they expected to spend $226 per piece of RTA. However, fewer consumers are planning a RTA purchase in the coming 12 months compared with the number that actually made a purchase in the past 12 months.

Additionally, those that do intend to buy are planning to purchase fewer pieces than they did last year. Twenty percent of those surveyed said they bought RTA in the past year; 15 percent plan to buy this year.

Last year, the 20 percent that bought RTA, on average, bought two pieces. The 15 percent that plan to make a purchase this year believe they will buy, on average, 1.7 units. However, what these consumers plan to buy might be different than what vendors are banking on.

Manufacturers, alert to an interest among consumers for home office furniture, are adding numerous sku's to their assortments this year to satisfy this perceived demand.

But the study suggests that the main area of interest is not desks, as expected, but bookcases. Based on the study, bookcases will be the most-wanted item, with 43 percent aiming to buy that particular item. Desks, on the other hand, are on the shopping lists of only 17 percent of consumers surveyed.

Despite ventures into more exotic wood tones and veneers, light oak was mentioned by the greatest percentage of prospective buyers as the finish they desired.

Name brand recognition is certainly an area where vendors could improve. According to the survey, consumers were not familiar with and really didn't care about brand names in this category. On a scale of 1 to 5, where one is not at all important and five is extremely important, the brand name scored 2.7.

While brand is not a top criterion for selecting furniture, price is also lower than it probably would have been a year or two ago.

Sturdiness, style and wood/color took the first, second and third most important spots, ranking 4.8, 4.4 and 4.4, respectively.

Price, the fourth most important RTA element, was rated at 4.2 on the scale, still a strong consideration.

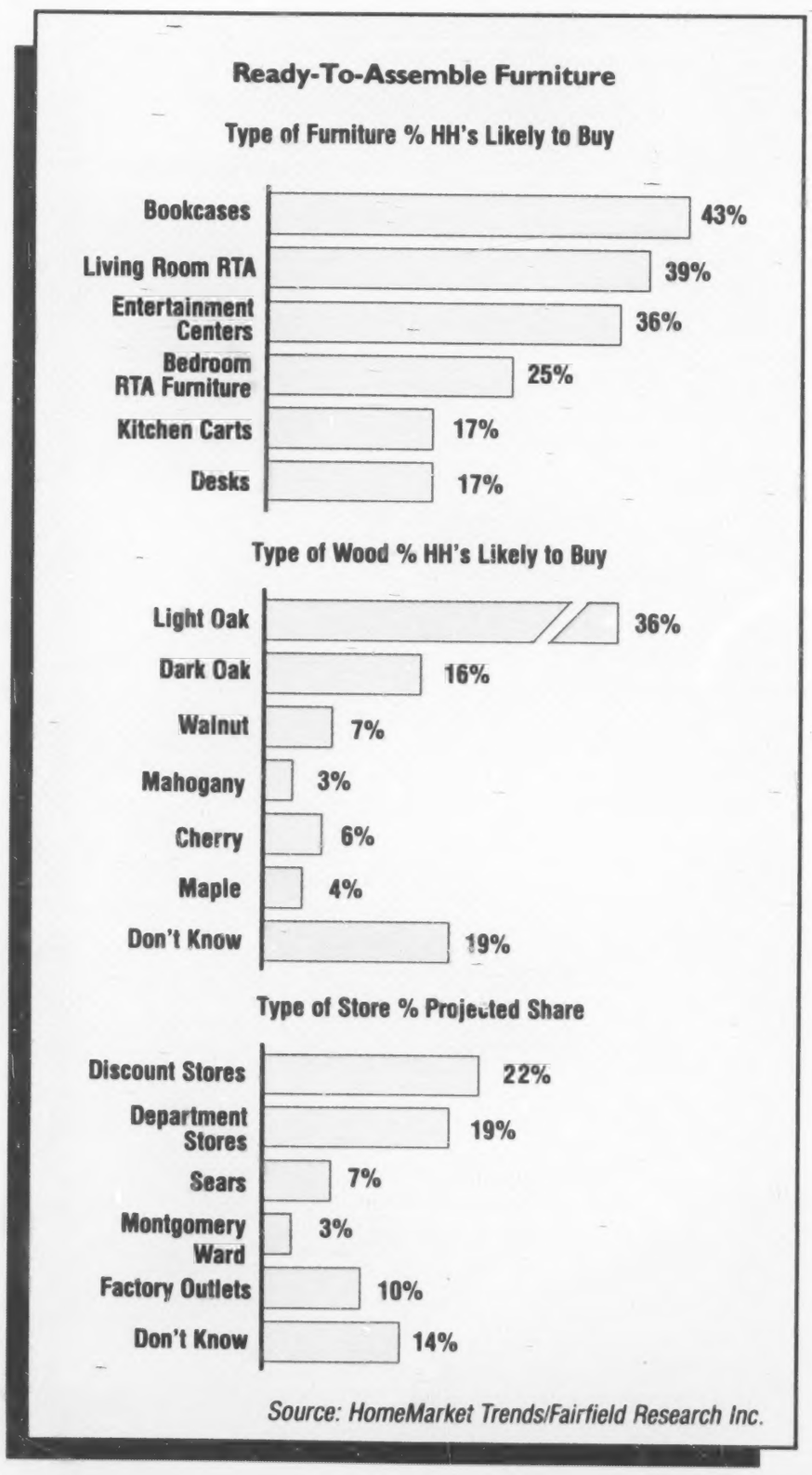
RTA differed slightly demographically from most other home fashions categories in that potential consumers are mostly younger than, for instance, potential buyers of comforters. The largest number of shoppers was clustered in the 18-to-34 age group. Additionally, younger consumers were much more likely than older ones to consider exotic finishes.

Overall, consumers were averse to spending money to have their purchases assembled. When asked what they would be willing to spend, 36 percent answered "nothing," and another 25 percent weren't sure if they would spend or not. Another 12 percent were willing to pay $10 or less, with about 25 percent of consumers willing to spend $11 to $25.

Age also played a part in shopping patterns. Middle-aged consumers (35 to 44) were most likely to patronize a department store. Their parents, however, were by a lopsided margin, discount store shoppers.

Age played a small role in price consciousness, although younger consumers were more likely to judge it "extremely important" and older shoppers were more likely to say it was "not at all important."

However, younger consumers considered ease of assembly very important, at a rate comparable to that of the oldest consumers. ■



***Discount stores are consumers first choice** of outlet when buying stoneware, according to a new study.* (HMT photo)

Upscale Settings Add Luster

Study reveals that crystal, silver could find a niche in the discount store arena

Discounters are already the toast of the town in tabletop sales, but an exclusive survey conducted by Lincoln, Neb.—based research firm Fairfield Research Inc. for *HomeMarket Trends* suggests that adding crystal and silver to stoneware and coffee mugs might lead to further cheers, both from discounters and consumers.

A survey of 451 households conducted across the United States earlier this year found that discounters were named more often as the retailer of choice for purchases of everyday glassware, stainless steel flatware, everyday china, melamine dinnerware, stoneware and coffee mugs.

The study also revealed that intensified marketing efforts are needed by most tabletop manufacturers, based on the small number of people who could single out a particular brand they were interested in buying.

Store brands were named more often in some product categories than national brand goods. Private label lines are apparently a viable tabletop avenue for some retailers.

While respondents mostly go to department stores to purchase crystal and silver, there is reason to believe, based on the survey's findings, that they would shop a discounter for these items if they were available.

The study revealed that the majority of people in the market for everyday glassware—a product grouping that consumers buy most often at discounters—were also interested in buying crystal flatware, silverplated/sterling pieces, and other traditionally department store products.

Of the people who said there was a good chance they'd buy everyday glassware during the next year, 85 percent were also in the market for silver merchandise. Those looking for everyday glassware were also in the market for crystal (71 percent).

Theft and breakage are certainly reasons not to stock Waterford or Lenox in a typical K mart or Wal-Mart. But the respondents were interested in buying pieces that were not in the highest price echelons. Consumers said they expect to pay an average of $14.49 per place setting for crystal glassware. For silverware, they expect to spend $20.50 per setting, on average.

These prices seem especially low when compared to expected per setting prices for everyday pieces. Stoneware and everyday china is expected to cost $12 per place setting; stainless flatware, $8; coffee mugs, $3.77 each; everyday glassware, $4.33.

The development of breakage-resistant packaging by manufacturers could help discounters sell crystal and sterling, even though these price points are above the typical tabletop range. The large population that plans to buy everyday glassware—and is also in the market for more formal tabletop items—is likely to go to a discounter for the glassware. While they're there, why not pick up crystal or silverplate, if it is being sold?

Low brand preference for nearly all tabletop merchandise further indicates opportunities for discounters to sell these higher-ticket items.

For instance, only 16 percent of all those surveyed named a brand they wanted in crystal glassware. Even Waterford, the most frequently mentioned brand in this group, was named by a mere 4 percent of the total. Another 3 percent mentioned Lenox.

The top named "brand" for cocktail or wine glasses was "store brand." While mentioned by only 2 percent of consumer, "store brands" tied with Waterford for top brand. Only 10 percent could name a wine glass brand that they might want to purchase.

Among silverplated or sterling silverware products, Rogers was mentioned by 4 percent; Oneida was the preference of 3 percent. While others were mentioned, only 13 percent volunteered a brand preference.

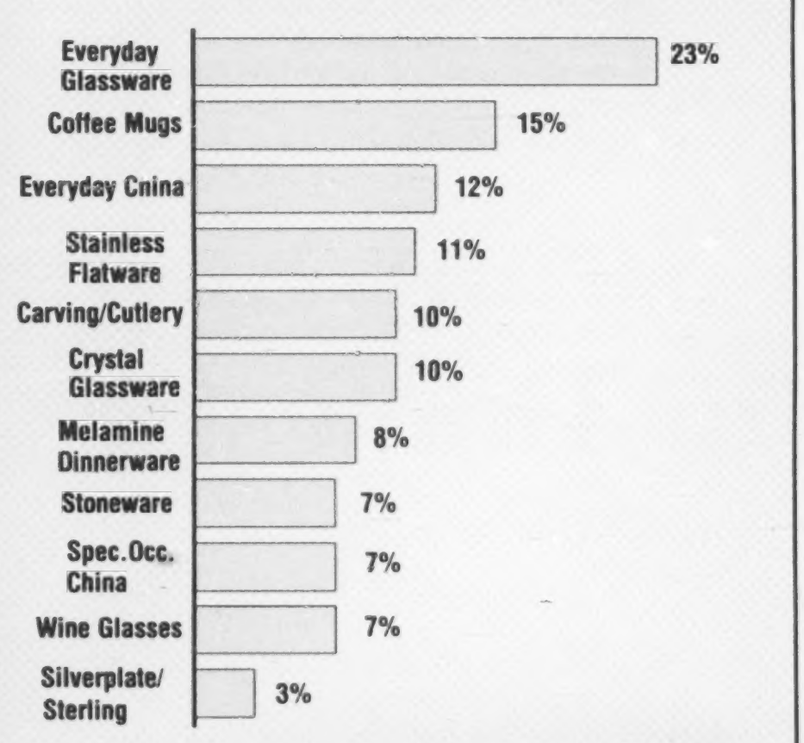
Further opportunities for discounters have been created following Sears' report that it will no longer be in the tabletop business but will focus instead on appliances, furniture, window and floor coverings, domestics and decorative accessories.

The tabletop study showed that Sears was the preferred retailer among mass merchants; it was mentioned more often for all tabletop products than all specialty stores combined. Sometimes it was preferred over K mart. Sears' exit from the tabletop business will no doubt present opportunities for retailers who shared a market with Sears.

Only Sears was ranked higher than K mart for tabletop among the survey population, but only in the four areas of silverplated/sterling, wine glasses, special occasion china, and carving/cutlery.

K mart's most significant dominance in terms of mentions was in melamine dinnerware (13 percent), mugs (12 percent), everyday glassware (12 percent), and everyday china (11 percent). In each of these product areas, K mart was singled out more often than any other U.S. retailer.■

Tabletop Items Consumers Said They Might Buy During Next 12 Months



Source: HomeMarket Trends/Fairfield Research Inc.

Where Consumers Said They Would Go to Buy Tabletop

TYPE OF ITEM	DISCOUNT	MASS MERCH.	SPEC. STORE	DEPT. STORE	CAT. SHOW
Everyday Glassware	34%	8%	3%	19%	3%
Melamine Dinnerware	33	4	1	9	2
Coffee Mugs	32	6	4	10	2
Everyday China	28	6	3	23	5
Stainless Flatware	28	9	2	22	6
Stoneware	23	4	4	20	3
Carving/Cutlery	18	10	5	19	7
Wine Glasses	10	7	5	30	5
Crystal Glassware	8	5	4	35	4
Spec.Occ. China	6	8	2	36	4
Silverplate/Sterl.	5	6	1	34	5

Source: HomeMarket Trends/*Fairfield Research Inc.*

CS150-3

Discount Store

THE NEWSPAPER OF DISCOUNT RETAILING

SECOND CLASS

VOL. 28, NO. 23

Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.

$25 for Wal-Mart Issue
December 18, 1989

011381
ATTN: SRI
KURT MILLS CONGRESS INFO 189
4520 E W HWY
BETHESDA MD 20814

WAL-MART
'Give Me A... W'
The Story of Wal-Mart's Decade of Excellence
Sam Walton, founder, chairman and head cheerleader of Wal-Mart Stores

MARKETWATCH

Redesigned Urban Zayre Opens in D.C.

SILVER SPRINGS, Md. — The first redesigned Zayre urban store opened in this Washington, D.C., suburb on Nov. 19. The remerchandised Zayre featured a racetrack layout, wider aisles, and, during a *DSN* visit, more fashion apparel, contemporary home fashions and expanded children's and plus-size departments. Hard lines areas like sporting goods, hardware and automotives had been cut back. Others, like lawn and garden, were eliminated entirely. Presently there are 61 former Zayre stores in parent Ames' urban division. They accounted for roughly $700 million in sales last year. Ames reported that all acquired Zayre stores, including the 61 urban sites, experienced a 15 percent sales drop in November, contributing to a $2 drop in Ames stock on Dec. 1.

QVC Has Record Thanksgiving Period

WEST CHESTER, Pa. — QVC sold a record $25.6 million worth of goods through its teleshopping shows during the four-day Thanksgiving period, $10.4 million alone on the Sunday after the holiday. The electronic retailer also named William F. Costello to the post of executive vice president, treasurer and chief financial officer. Costello, who was also named to QVC's board, had been Best Products' former president and coo, but left the cataloger following its leveraged buyout last year. QVC also named two cable TV industry executives to its board. They are Peter Barton, Tele-Communications senior vice president, programming, and Edwin W. Hamowy, Warner Communications senior vice president, strategic planning.

Costco to Sell Stock to Fuel N.E. Growth

KIRKLAND, Wash. — To help launch an entry into the Northeast and fund growth in existing markets, Costco Wholesale is looking to raise capital with a public offering of 2.5 million shares. The company currently operates 62 warehouse clubs and plans to add six locations in existing markets by next September. The following year it expects to open 12 to 15 locations, half of those in the Northeast. Specific sites in the Northeast have not been set. Richard Galanti, cfo, said the stock offering is needed to help fund the company's future growth, since Costco's cash flow falls short of expansion expenditures. The same was true for the past fiscal year, when the company's cash flow was $40 million but its expenditures totaled $121 million. In the last fiscal year, Costco opened 13 locations and remodeled 14 other sites.

Nichols Closes Unit; Jamesway Gets Lease

NEW YORK — S.E. Nichols continues to close money-losing stores, trimming store count to 35 from a 1986 high of 46. The latest to close was the unit in Matawan, N.J., the last one of three Nichols to fold in that state. It closed last month. Jamesway, Secaucus, N.J., is taking over the lease for the 90,000-square-foot unit and expects to reopen in February or March following major renovations. Over the past year, Nichols had closed six of eight units in North Carolina and two of three in Ohio in a move to shorten distribution lines and stem losses.

Smitty's Is for Sale Again; Deal Pending

PHOENIX — Smitty's, the general merchandise and grocery retailer based here, has been put on the block again, according to published reports. Socanav, the Montreal firm that purchased Smitty's from its owner Steinberg last summer, is negotiating with unnamed American and European parties in an attempt to close a deal by the middle of February.

Arvey to Open Store in Chicago Suburb

CHICAGO — Arvey Paper and Office Products is scheduled to open a new store in the Chicago suburb of Niles, Ill., this month. The new unit will be 18,000 square feet. At the same time, Arvey is closing its store in Elk Grove Village, Ill., since customers will be served from a larger location in Arlington Heights, Chicago. In addition, Arvey will relocate two stores, located in Portland, Ore., and Salt Lake City, Utah, to larger sites, early in 1990.

FOR THE RECORD

Castrol, the popular motor oil that ranked eighth on both of *Discount Store News*' Top Brands lists published in the Oct. 16 and Oct. 30 issues, incorrectly offered an alternative spelling to the brand name. Castrol is the only correct spelling.

A headline on a marketwatch item regarding K mart's third quarter results incorrectly characterized its net profits. Net income declined 17.5 percent to $104.1 million in the third period of 1989 from $126.6 million a year earlier, with the chain attributing the profits decline to its lower prices.

Hills 3Q Improves Slightly

But Discounter's Net Income Off From Last Year

CANTON, Mass. — Third quarter sales and income results for Hills Department Stores showed a slight improvement over the second quarter, but are still significantly off from 1988.

The 208-unit chain reported net income for the third quarter, ended Oct. 28, 1989, declined 26 percent from the same quarter in 1988, to $2.15 million. Sales for the quarter were up 18.7 percent, to nearly $526.8 million. Operating profit also rose, to $31.5 million, up 14 percent.

Compared to the same 39-week period a year ago, Hills recorded a net loss that was nearly three times as large as the one recorded in 1988. At the same time, sales for three quarters were up 23.5 percent to $1.35 billion.

Stephen A. Goldberger, Hills chairman and ceo, declined to comment at this time about the firm's financial status.

A press release reporting third quarter results included a comment by Goldberger attributing some of the quarterly decline to "record warm weather and lackluster shopping trends in the company's market area."

He also stated that Hills' new credit card acceptance program, begun Nov. 18, "is expected to have a positive impact on sales for the Christmas selling season, 1990 and beyond."

Compared to the second quarter, Hills' financial performance actually improved in the latest three month period. Sales were up 22.2 percent and the company turned a $25.2 million net loss into a $2.15 million net income, from the second quarter to the third quarter.

Although properly assimilating the 33 Gold Circle stores into the Hills picture has been difficult for the discounter and a factor in the company's problems, comparable store sales, too, have hurt the chain.

For the current third quarter, comparable store sales decreased by 0.7 percent, indicating that Hills' core stores are not helping the retailer support the costs of the new acquisition.

Competition is apparently having an impact on Hills and "they have not been as sharp lately," observed Jack Seibald, vp of Salomon Brothers, a New York investment firm.

Accepting credit cards is one step in the right direction, Seibald said, but he added he didn't think that was enough. He suggested that Hills take a more aggressive position in apparel, always a strong point for the discounter, and focus more attention on certain hard lines categories.

TSS Files Ch. 11; Plans Liquidation

By Laura Liebeck

BROOKLYN, N.Y. — TSS, the 13-unit discount department store chain, has filed for Chapter 11 bankruptcy protection and plans to dissolve its operation.

The discounter has a total debt of $55 million, said Herbert Edelman of the New York law firm of Levin & Weintraub & Crames, counsel to TSS. The firm's assets are tied to its store leases. The full value of those leases won't be settled until after the leases are sold at auction during the next month.

Since October, TSS had been trying to liquidate its in-store merchandise with the help of Schottenstein Stores, a Cincinnati-based liquidator and discount store operator, while trying to reorganize and sell the store leases on its own. It was also attempting to arrange redevelopment projects with some of the properties. However, TSS lost the battle to hold on to the chain on Nov. 30 when Citicorp, its banker, allowed its credit line agreement to expire, said Edelman.

TSS "tried to stay out of Chapter 11," said Edelman, adding that the company "could not accomplish everything."

TSS filed for Chapter 11 on Dec. 4.

On Jan. 22, Keen Realty Consultants, Great Neck, N.Y., will hold an auction to sell the 13 TSS store sites. Twelve of the stores are leased properties while one is owned outright by TSS.

Two days after that, on Jan. 24, Edelman and TSS are scheduled to appear in U.S. Bankruptcy Court for the Southern District of New York and present the purchase offers to the court for approval, said Edelman. Soon after that the chain will cease to exist.

TSS has been trying to liquidate its merchandise since October through the Schottenstein organization.

ALCO Opens Test Of New Prototype

MANHATTAN, Kan. — Duckwall-ALCO, while still in Chapter 11, is experimenting with a new prototype store here, 50 miles west of Topeka and 30 miles east of its Abilene headquarters.

Sources, which asked to remain anonymous, said the new store colors, company logo and department configuration are being tested as part of the chain's restructuring under bankruptcy protection.

The privately held full-line discounter filed for Chapter 11 last May after reporting it suffered a $10 million loss from just 52 of its 151 units. The 52 stores, which were scattered across 10 of its 12-state trading area, were closed at the time of the filing. Competition

(Continued on page 18)

IN THIS ISSUE

WAL-MART: 'Give Me a . . .W'

Chapter 1: **Retailer of the Decade**
Chapter 2: **Moon Pies & Donkey Rides**
Chapter 3: **Putting Vendors to Work**
Chapter 4: **An American Love Affair**
Chapter 5: **The Merchandising Magic**
Chapter 6: **Keeping in Stock**
Chapter 7: **Better Selling Thru Science**
Chapter 8: **Give Me a Facelift**
Chapter 9: **Gerbil Races & Goober**
Chapter 10: **Generosity on a Budget**
Epilog: **The Dominance Continues**

FEATURES

K mart Honors Outstanding Vendors 20
Newest PACE Reveals New Twists 22
Amtech Eyes Future Growth of Kiosks 24

DEPARTMENTS

Calendar of Events 252
Classified 257
Columns:
Buyers & Sellers 14
Guest Column 14
IMRA President's Corner 10
Publisher's View 10
Taking Stock/ Mass Merchandisers 8
Washington Report
Editorial 10
Manufacturer News:
Hard Lines 248, 250
New Products:
Hard Lines 244, 246
POS Implementation 238
Retail Management Development Series 255